

**PUBLIC DISCLOSURE**

DECEMBER 13, 2000

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SAINT JOSEPH CREDIT UNION**

336 LAFAYETTE STREET  
SALEM, MA 01970

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<b>NOTE:</b>	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Saint Joseph Credit Union** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

Saint Joseph Credit Union's average net loan-to-deposit ratio during this period was determined to be reasonable at 56.8%, given its asset size and the competitive environment in which it operates. The institution makes the majority of its loans within the assessment area and meets the standards for satisfactory performance with 75.4% of total residential loan originations and 74.7% of total consumer loan originations within the assessment area. Lending to individuals of different income levels was also determined to be satisfactory with 25.5 % of residential loans and 80.4 % of consumer loans granted to borrowers of low- and moderate- income respectively. The geographic dispersion of loans is considered reasonable with loans generated in all segments of the assessment area. Finally, the institution's Fair Lending performance is deemed to be acceptable.

## **PERFORMANCE CONTEXT**

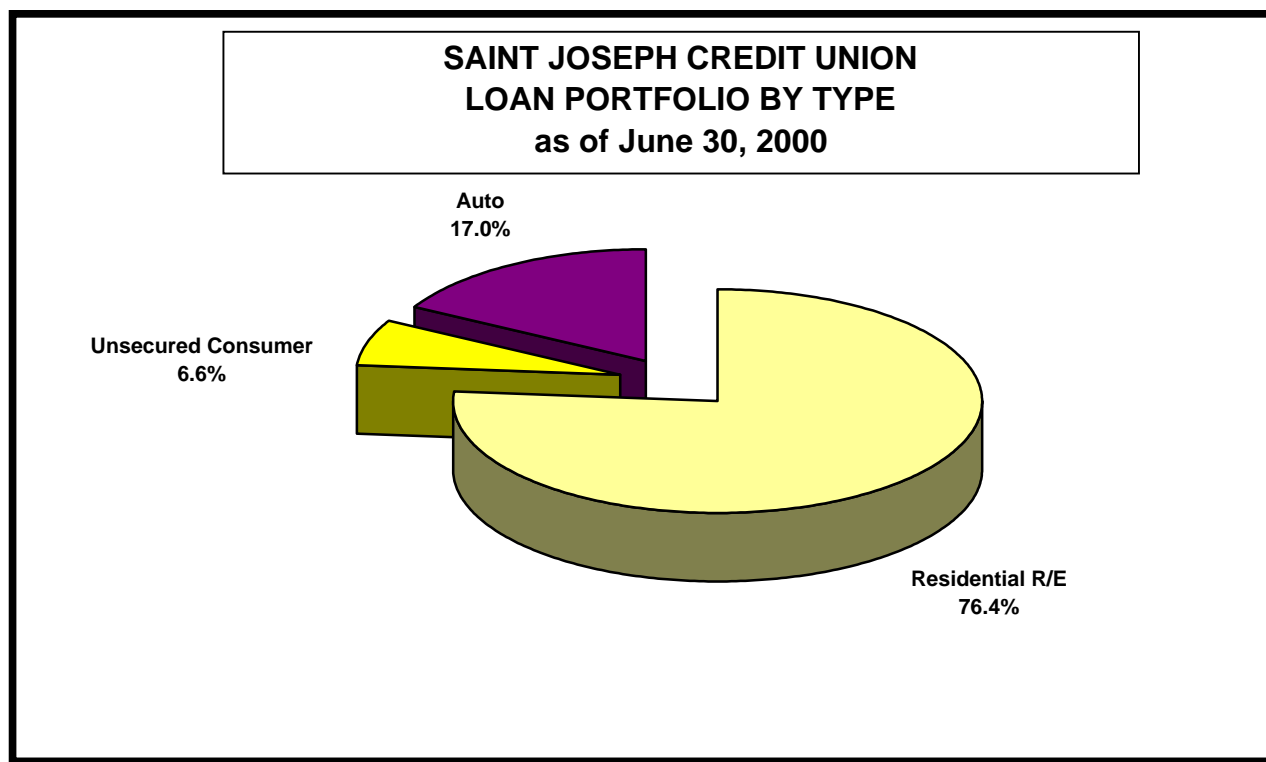
### **Description of Institution**

Saint Joseph Credit Union is a community credit union, incorporated under the laws of the Commonwealth of Massachusetts in 1926. It is headquartered in Salem, Massachusetts, and operates two full service offices: the main office at 336 Lafayette Street and a branch office at Harbor Street.

Saint Joseph Credit Union's by-laws state that, "membership is limited to any person or persons, residing, living or working in the County of Essex and to those Corporations, Associations, Trust or Fraternal organizations qualifying for membership and doing business in Essex County".

As of June 30, 2000, Saint Joseph Credit Union had approximately \$40.4 million in assets, of which \$17.7 million or 43.7% were in the form of loans. The credit union offers a variety of credit products including residential and consumer loans. Residential lending represents the largest portion of the credit union's loan portfolio with 76.4%. Consumer loans including auto loans, secured and unsecured consumer loans represent the remaining 23.6%.

The following chart illustrates the composition of the loan portfolio.



Source: June 30, 2000 NCUA Call Report

The credit union was rated satisfactory at the previous examination for compliance with the Community Reinvestment Act (CRA) conducted by the Massachusetts Division of Banks on March 9, 1998.

### **Description of Assessment Area**

Saint Joseph Credit Union defines its assessment area as four municipalities, which are primarily located in Essex County. The assessment area includes the Cities of Salem, Beverly and Peabody, and the Town of Danvers which are all located within the Boston MSA. The median family incomes for the Boston MSA were \$60,000 for 1998, \$62,700 for 1999 and \$65,500 for 2000.

The credit union's assessment area includes 28 census tracts including one designated as low-income, 6 as moderate-income, 18 as middle income, 2 as upper-income and one with no income designation (NA). This census tract is located in Danvers and represents the Liberty Tree Shopping Mall.

According to 1990 Census Data, these four communities have a combined population of 147,560 and a total of 60,189 housing units. Of the total units, 34,923 or 58.0% were owner-occupied, 23,844 or 39.6% are rental units, and 3,201 or 5.3% are vacant housing units. The City of Salem had the lowest percentage of owner-occupied units at 46.0%, while the Town of Danvers had the highest percentage at 72.0%. The median housing value for the assessment area is \$173,007.

The following table outlines by income level the census tracts comprising the assessment area. The population and family households residing within the tracts are also detailed.

<b>ASSESSMENT AREA DEMOGRAPHICS</b>						
<b>Census Tracts Income Levels</b>	<b>Number of Census Tracts</b>		<b>Population</b>		<b>Family Households</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
LOW	1	3.6	3,159	2.1	1,271	2.3
MODERATE	6	21.4	26,109	17.7	11,034	19.4
MIDDLE	18	64.3	105,039	71.2	40,180	70.6
UPPER	2	7.1	13,253	9.0	4,386	7.7
NA	1	3.6	0	0.00	0	0.00
<b>TOTAL</b>	<b>28</b>	<b>100%</b>	<b>147,560</b>	<b>100%</b>	<b>56,871</b>	<b>100%</b>

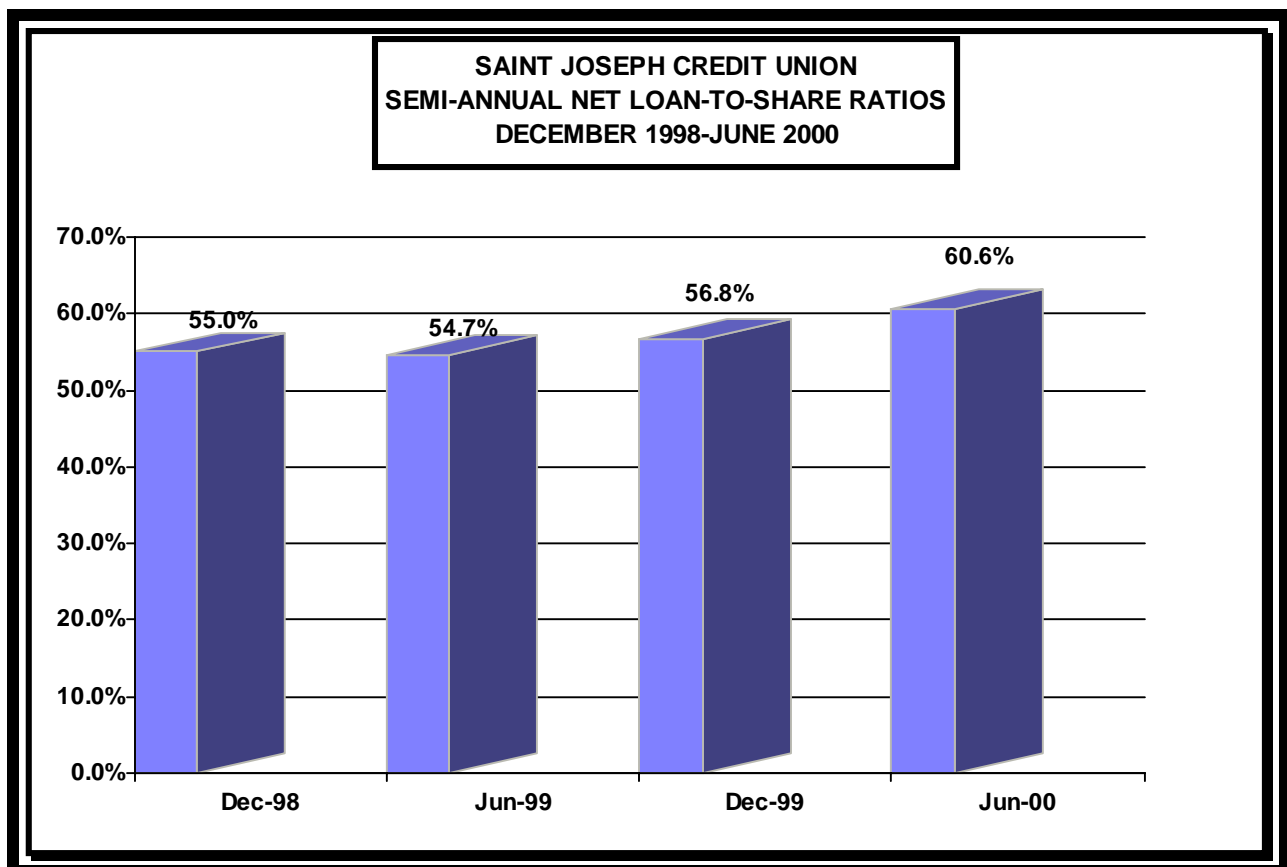
According to 1990 census data, the census tract with the lowest ratio of owner-occupied housing is located in Salem and contains only 16.41% owner-occupied units. This census tract is located within the downtown area.

## **PERFORMANCE CRITERIA**

### **1. LOAN TO SHARE ANALYSIS**

A comparative analysis of Saint Joseph Credit Union's semi-annual net loan-to-share (deposit) ratio for the period December 31, 1998 through June 30, 2000 was performed. The credit union's net loan to share (deposit) ratio, on average, was 56.8%. This ratio has fluctuated from a low of 55.0 %in December 1998 to a high of 60.5% in June 2000. This fluctuation is primarily due to an increase in loans, which have increased 20.71% during the four quarters examined. Deposits, on the other hand, have increased by 9.6 percent during the same time period. Most of the increase in loans occurred during the interval from December, 1999 to June, 2000 which accounted for approximately 16% of growth overall. A significant increase in auto loans appears to have been the basis for this growth.

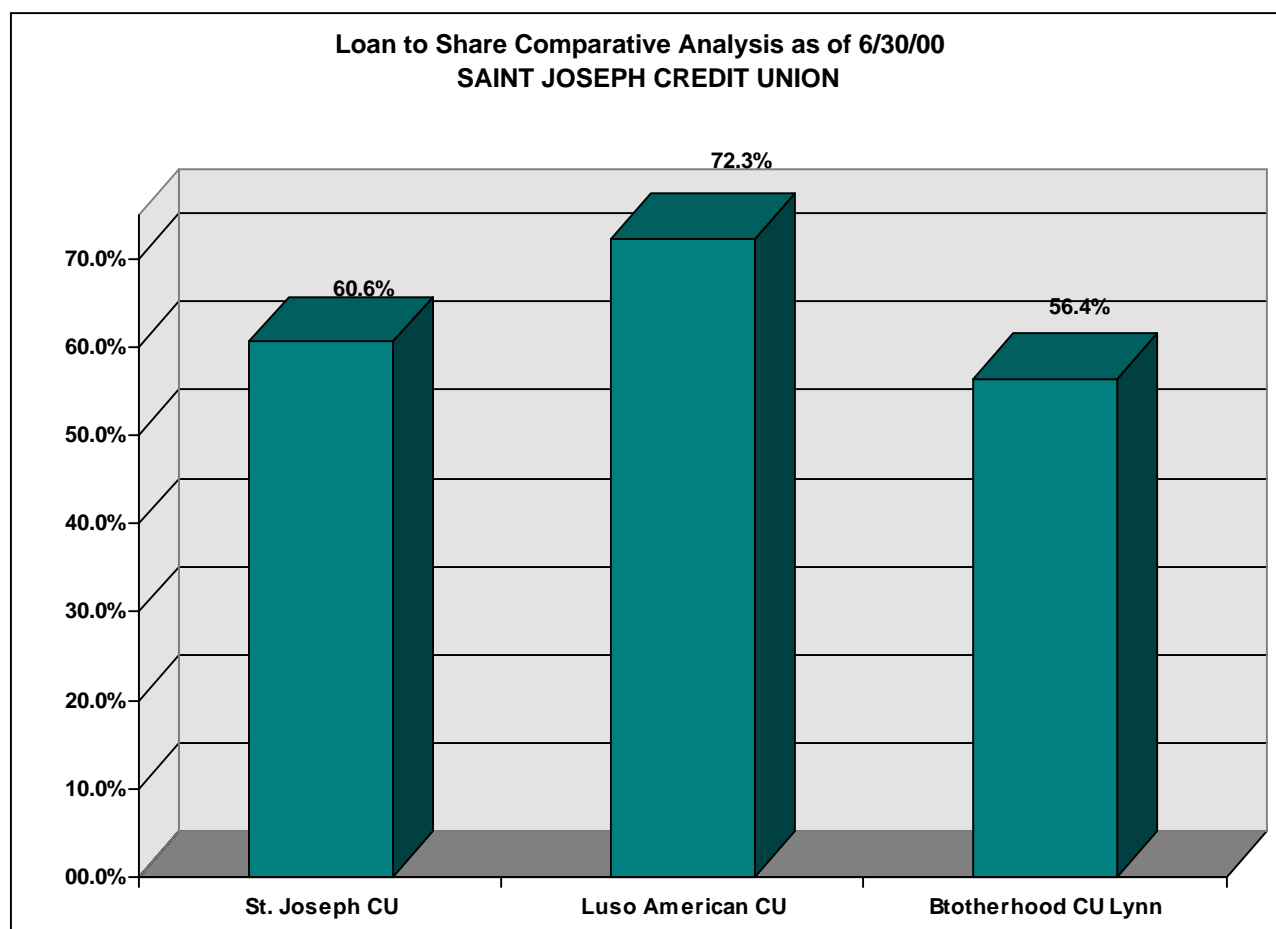
The following graph illustrates the loan-to-share trends.



Source: NCUA 5300 Call Reports

Although the above graph shows an upward trend over the period examined, the average net loan to share ratio at 56.8% remains the same as of the previous exam on March 9, 1998.

The following graph indicates that Saint Joseph Credit Union maintains a reasonable loan to share/deposit ratio in comparison to other community credit unions of similar asset size as of June 30, 2000.



Based on Saint Joseph Credit Union's capacity to lend, asset size, and the credit needs of its membership, the credit union's loan to share ratio meets the standards for satisfactory performance.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)**

This performance criterion is based on Saint Joseph Credit Union's record of lending within its assessment area. The institution's lending activity within its assessment area is reasonable and meets the standards for satisfactory performance. Both residential and consumer loan

activities were analyzed to determine the credit union's performance for this criterion. The period covered by the exam includes 1998 through December 13, 2000.

## RESIDENTIAL LOANS

The credit union granted 57 mortgage loans for \$6,350,000 during the period examined. Of these loans, 43 mortgage loans totaling \$4,589,000 were granted inside the assessment area. Lending activity inside the assessment area represented 75.4% (by number) and 72.3% (by dollars) of the total residential loans originated.

The following tables detail the credit union's lending inside its assessment area. Lending activity outside its assessment area is shown in aggregate.

The Town of Salem accounted for 54.3% of the total number and Beverly ranked second with 8.8%. Overall, the credit union granted a majority of its residential loans inside its assessment area.

### RESIDENTIAL LOANS BY NUMBER OF ORIGINATIONS

LOCATION	1998		1999		Y-T-D2000		TOTALS	
	#	%	#	%	#	%	#	%
Salem	11	61.1	17	63.0	3	25.0	31	54.3
Beverly	1	5.6	4	14.8	0	0.0	5	8.8
Danvers	0	0.0	2	7.4	2	16.7	4	7.0
Peabody	1	5.5	1	3.7	1	8.3	3	5.3
<b>Inside Assessment Area</b>	<b>13</b>	<b>72.2</b>	<b>24</b>	<b>88.9</b>	<b>6</b>	<b>50.0</b>	<b>43</b>	<b>75.4</b>
Outside Assessment Area	5	27.8	3	11.1	6	50.0	14	24.6
<b>Totals</b>	<b>18</b>	<b>100%</b>	<b>27</b>	<b>100%</b>	<b>12</b>	<b>100%</b>	<b>57</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

### **RESIDENTIAL LOANS BY DOLLAR AMOUNT OF ORIGINATIONS**

LOCATION	1998		1999		Y-T-D 2000		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
Salem	932	52.8	1,709	55.4	310	19.5	2,951	46.4
Danvers	0	0.0	368	11.9	340	21.4	708	11.2
Beverly	110	7.0	448	14.5	0	0.0	558	8.8
Peabody	130	8.2	190	6.2	52	3.3	372	5.9
<b>Inside Assessment Area</b>	<b>1,172</b>	<b>68.0</b>	<b>2,715</b>	<b>88.0</b>	<b>702</b>	<b>44.2</b>	<b>4,589</b>	<b>72.3</b>
Outside Assessment Area	505	32.0	371	12.0	885	55.8	1,761	27.7
<b>Totals</b>	<b>1,677</b>	<b>100%</b>	<b>3,086</b>	<b>100%</b>	<b>1,587</b>	<b>100%</b>	<b>6,350</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

The City of Salem accounted for 46.4 % of the total dollar amount and the Town of Danvers ranked second with 11.2%. Overall, the credit union granted a satisfactory majority of its residential loans inside its assessment area by dollar amount.

### **CONSUMER LOANS**

A sample of consumer loans originated inside and outside Saint Joseph Credit Union's assessment area for calendar years 1998, 1999 and year-to-date 2000 was taken during the examination.

The sample included 75 consumer loans totaling \$531,000. Of this sample, 56 loans in the amount of \$401,000 were granted inside the assessment area. Lending activity inside the assessment area represented 74.7% (by number) and 75.5% (by dollars) of the total consumer loans originated. Overall, the credit union's consumer lending activity inside its assessment area is reasonable.

The following tables detail the consumer loan sample by number and dollar amount. The City of Salem accounted for 52.0% of the total number and 46.4% of the dollar amount; and the City of Peabody ranked second with 8.0% and 9.7% of the number and dollar amount, respectively.



**CONSUMER LOAN SAMPLE BY NUMBER OF ORIGINATIONS**

LOCATION	1998		1999		Y-T-D2000		TOTALS	
	#	%	#	%	#	%	#	%
Salem	9	36.0	14	56.0	16	64	39	52.0
Peabody	2	8.0	2	8.0	2	8.0	6	8.0
Danvers	1	4.0	3	12.0	2	8.0	6	8.0
Beverly	2	8.0	1	4.0	2	8.0	5	6.7
<b>Inside Assessment Area</b>	<b>14</b>	<b>56.0</b>	<b>20</b>	<b>80.0</b>	<b>22</b>	<b>88.0</b>	<b>56</b>	<b>74.7</b>
Outside Assessment Area	11	44.0	5	20.0	3	12.0	19	25.3
<b>Totals</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>25</b>	<b>100%</b>	<b>75</b>	<b>100%</b>

Source: In-House Files - Consumer

**CONSUMER LOAN SAMPLE BY DOLLAR AMOUNT OF ORIGINATIONS**

LOCATION	1998		1999		Y-T-D2000		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
Salem	57	32.0	97	61.0	92	47.4	246	46.4
Peabody	16	9.0	11	6.9	25	12.9	52	9.7
Danvers	7	3.9	31	19.5	44	22.7	82	15.5
Beverly	9	5.1	5	3.1	7	3.6	21	3.9
<b>Inside Assessment Area</b>	<b>89</b>	<b>50.0</b>	<b>144</b>	<b>90.5</b>	<b>168</b>	<b>86.6</b>	<b>401</b>	<b>75.5</b>
Outside Assessment Area	89	50.0	15	9.5	26	13.4	130	24.5
<b>Totals</b>	<b>178</b>	<b>100%</b>	<b>159</b>	<b>100%</b>	<b>194</b>	<b>100%</b>	<b>531</b>	<b>100%</b>

Source: In-House Files - Consumer

Based upon the above two analyses, Saint Joseph Credit Union's loan distribution reflects a satisfactory distribution within its assessment area.

### 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The third performance criterion evaluates the extent to which Saint Joseph Credit Union lends to members of different income levels within its assessment area. The following

analysis of borrower income distribution for both residential loans and consumer loans granted in 1998, 1999 and Y-T-D 2000 demonstrates that the credit union's lending exceeds the standards for satisfactory performance.

Originations were categorized by the ratio of the applicant's reported income to the 1998, 1999 and 2000 estimated median family incomes of the Boston Metropolitan Statistical Area (MSA). The median family income for the Boston MSA was \$60,000 in 1998, \$62,700 in 1999 and \$65,500 in 2000. Income figures were based on estimated data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as income between 50 and 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income equal to or greater than 120 percent of the median family income.

## **RESIDENTIAL LOANS**

The following tables represent the distribution of HMDA reportable lending within Saint Joseph Credit Union's assessment area, specifically as it relates to the number and dollar volume of loans originated by borrower income.

According to the tables below, 11.6% of mortgage loans was granted to low-income borrowers and 13.9% to moderate-income borrowers. By dollar amount, 5.4% and 19.0% were granted to low and moderate-income individuals, respectively.

### **RESIDENTIAL LOAN ORIGINATIONS BY INCOME OF BORROWER** **BY NUMBER**

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%	#	%
<50%	2	15.4	2	8.3	1	16.7	5	11.6
50% - 79%	6	46.2	5	20.8	1	16.7	12	13.9
80% - 119%	3	23.0	7	29.2	4	66.6	14	32.6
>=120%	2	15.4	10	41.7	0	0.0	12	27.9
<b>TOTAL</b>	<b>13</b>	<b>100%</b>	<b>24</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

**RESIDENTIAL LOAN ORIGINATIONS BY INCOME OF BORROWER**  
**BY DOLLAR AMOUNT**

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	70	6.0	128	4.7	52	7.4	250	5.4
50% - 79%	444	37.9	353	13.0	75	10.7	872	19.0
80% - 119%	356	30.3	885	32.6	575	81.9	1,816	39.6
>=120%	302	25.8	1,349	49.7	0	0.0	1,651	36.0
<b>TOTAL</b>	<b>1,172</b>	<b>100%</b>	<b>2,715</b>	<b>100%</b>	<b>702</b>	<b>100%</b>	<b>4,589</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

**CONSUMER LOANS**

The analysis below presents Saint Joseph Credit Union's consumer lending activity within its assessment area by borrower income.

A review of consumer loans to borrowers of different income levels was conducted. As the tables below indicate, 39.3% of the loans and 27.5% of the dollar amount were granted to low-income individuals, while 41.1% of the number and 40.1% of the dollar were to moderate-income customers.

**CONSUMER LOAN ORIGINATIONS BY INCOME OF BORROWER**  
**BY NUMBER**

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%	#	%
<50%	5	35.8	8	40.0	9	40.9	22	39.3
50% - 79%	7	50.0	8	40.0	8	36.4	23	41.1
80% - 119%	1	7.1	1	5.0	1	4.5	3	5.3
>=120%	1	7.1	3	15.0	4	18.2	8	14.3
<b>TOTAL</b>	<b>14</b>	<b>100%</b>	<b>20</b>	<b>100%</b>	<b>22</b>	<b>100%</b>	<b>56</b>	<b>100%</b>

Source: In-House Files

**CONSUMER LOAN ORIGATION BY INCOME OF BORROWER**  
**BY DOLLAR AMOUNT**

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	18	20.3	46	31.9	46	27.4	110	27.5
50% - 79%	49	55.0	56	38.9	56	33.3	161	40.1
80% - 119%	15	16.8	3	2.1	15	9.0	33	8.3
>=120%	7	7.9	39	27.1	51	30.3	97	24.1
<b>TOTAL</b>	<b>89</b>	<b>100%</b>	<b>144</b>	<b>100%</b>	<b>168</b>	<b>100%</b>	<b>401</b>	<b>100%</b>

Source: In-House Files

It should be noted that consumer loans typically consider the income of only one borrower. The analysis above however utilizes median family income for comparison purposes. Therefore, the percentage of loans to low and moderate income borrowers is somewhat higher than that of residential mortgage originations, where the income is usually the result of joint combined incomes.

### **Comparison to Aggregate Data**

In regards to the table below, data obtained from the PCI Services, CRA WIZ software was utilized, comparing Saint Joseph Credit Union's performance to that of other financial institutions granting loans within the assessment area during 1999 (the most recent information available). This information indicated that Saint Joseph Credit Union's performance level was above that of the aggregate. St. Joseph's Credit Union granted 29.1 percent of its loans in 1999 to low- and moderate-income people, in comparison to the aggregate which granted 23.8 percent of their loans to these groups.

### **SAINT JOSEPH CREDIT UNION COMPARED TO AGGREGATE - 1999**

Family Income Level	Number of Loans				Dollars in Loans (000's)			
	Saint Joseph Credit Union		All Other Reporters		Saint Joseph Credit Union		All Other Reporters	
Low	2	8.3	405	5.7	128	4.7	33,488	3.3
Moderate	5	20.8	1,290	18.1	353	13.0	142,592	14.0
Middle	7	29.2	1,947	27.3	885	32.6	258,740	25.4
Upper	10	41.7	2,190	30.8	1,349	49.7	379,725	37.2
N/A	0	0.0	1,288	18.1	0	0.0	204,855	20.1
<b>Total</b>	<b>24</b>	<b>100%</b>	<b>7,120</b>	<b>100%</b>	<b>2,715</b>	<b>100%</b>	<b>1,019,400</b>	<b>100%</b>

Source: 1999 Aggregate HMDA Data compiled by PCI Services, Inc. CRA WIZ

In conclusion, the distribution of credit among members of various incomes reflects a good penetration among individuals of different income levels, especially those of low to moderate-income, and thus, exceeds the standards for satisfactory performance.

#### **4. GEOGRAPHIC DISTRIBUTION OF LOANS**

Lending activity within the credit union's assessment area was reviewed in order to determine the distribution of loans by census tract.

The credit union's assessment area includes 28 census tracts including 1 census tract designated as low-income, 6 census tracts as moderate-income, 18 census tracts as middle income, 2 census tracts as upper-income, and 1 tract designated as NA, which represents the Liberty Tree Shopping Mall.

The table below indicates that of the total number of residential loans made, 14.0% by number and 12.9% by dollar were made in low and moderate-income census tracts.

**RESIDENTIAL LOAN ORIGINATIONS BY CENSUS TRACT**  
**BY NUMBER**

CENSUS TRACT	1998		1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%	#	%
LOW	1	7.7	0	0.0	0	0.0	1	2.3
MODERATE	1	7.7	3	12.5	1	16.7	5	11.7
MIDDLE	11	84.6	20	83.3	5	83.3	36	83.7
UPPER	0	0.0	1	4.2	0	0.0	1	2.3
<b>TOTAL</b>	<b>13</b>	<b>100%</b>	<b>24</b>	<b>100%</b>	<b>6</b>	<b>100%</b>	<b>43</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

**RESIDENTIAL LOAN ORIGINATIONS BY CENSUS TRACT**  
**BY DOLLAR AMOUNT**

CENSUS TRACT	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
LOW	91	7.8	0	0.0	0	0.0	91	2.0
MODERATE	148	12.6	299	11.0	52	7.4	499	10.9
MIDDLE	933	79.6	2,276	83.8	650	92.6	3,859	84.1
UPPER	0	0.0	140	5.2	0	0.0	140	3.0
<b>TOTAL</b>	<b>1,172</b>	<b>100%</b>	<b>2,715</b>	<b>100%</b>	<b>702</b>	<b>100%</b>	<b>4,589</b>	<b>100%</b>

Source: HMDA/LAR for 1998, 1999 and Y-T-D December 13, 2000.

**Comparison to Aggregate Data**

The table below represents the credit union's geographic distribution of loans as compared to the aggregate data for 1999, for all other HMDA lenders within the assessment area.

Saint Joseph Credit Union's geographic distribution of residential loans corresponds adequately to the aggregate HMDA lenders' performance. The credit union's distribution of loans within the moderate-income tracts (12.5% by number and 11.0% by dollars) is slightly below the aggregate's distribution of loans (14.8% by number and 13.1% by dollars). The credit union did not originate any residential mortgages in the one low-income census tract while the aggregate originated 1.5% by number and 2.3% by dollar amount.

**COMPARISON OF CENSUS TRACT DISTRIBUTION TO AGGREGATE**

INCOME LEVEL	St Joseph's Credit Union				1999 Aggregate Data			
	#	%	\$(000)	%	#	%	(000)	%
LOW	0	0.0	0	0.0	108	1.5	24,758	2.3
MODERATE	3	12.5	299	11.0	1,054	14.8	133,237	13.1
MIDDLE	20	83.3	2,276	83.8	5,227	73.4	714,203	70.1
UPPER	1	4.2	140	5.2	728	10.2	146,802	14.4
NA	0	0.0	0	0.0	3	0.1	400	0.1
<b>TOTAL</b>	<b>24</b>	<b>100%</b>	<b>2,715</b>	<b>100%</b>	<b>7,120</b>	<b>100%</b>	<b>1,019,400</b>	<b>100%</b>

In conclusion, Saint Joseph Credit Union's geographic distribution of residential loan originations is reasonable and meets the standards for satisfactory performance. The geographic distribution analysis of consumer loans could not be performed since collection of census tract information was not available on consumer loans.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Saint Joseph Credit Union received no complaints concerning its CRA performance for the period reviewed. Saint Joseph Credit Union's Fair Lending Policy was last revised and approved by the Board of Directors on September 20, 2000. This policy is considered adequate and addresses the guidelines set forth in the Division of Bank's Regulatory Bulletin 2.3-101.

### **STAFF TRAINING**

Saint Joseph Credit Union's staff training program educates employees on fair lending laws and regulations. Management sponsored an in-house lending seminar that included information on fair lending issues. The credit union staff and all newly hired employees view the video "True Colors" which addresses fair lending pertaining to lending practices.

### **STAFF COMPOSITION**

Saint Joseph Credit Union's staff consists of sixteen full-time and one part-time employee. There are three minority employees of Hispanic origin who speak the Spanish language.

### **OUTREACH**

The credit union's Board and Management are active in the community through their membership in various civic groups and community organizations. The credit union is directly involved with the Salem Harbor CDC.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

The credit union offers a First Time Homebuyer Product with terms including a loan to value of up to 90% and ratios of 33/38%. Also, the credit union waives all administrative costs excluding the credit report fee and appraisal fee.

The credit union refers members requiring more flexible lending terms to Members Mortgage, which offers different residential loan products.

## **MARKETING**

The credit union utilizes various advertising and promotional activities to inform all segments of the assessment area about its products and services. Management advertises in local newspapers such as "The Boston Globe North Shore Weekly", "Essex County News", "Daily News of Newburyport", "Gloucester Times", "Salem Evening News", "North Shore Sunday", "Daily Evening Item" and "The Spanish Publishing Service", a local directory published annually advertising local Latino owned businesses and services directed towards the local Latino community in the Salem area. The credit union also advertises on Local Radio Station WESX in Salem.

## **CREDIT EDUCATION**

Saint Joseph Credit Union participated in two first time homebuyer seminars during the current exam period. The credit union participated in the Salem "Business to Business Expo", where management set up a booth and handed out brochures containing lending information and also answered questions regarding the loan application process as well as information on other banking services. It also participated in a first-time homebuyer seminar sponsored by Members Mortgage Company and provided pre-qualification services to help members determine an affordable price range. The credit union aids members in setting budgets or answering questions concerning credit issues or debt consolidation.

## **COUNSELING**

The credit union provides members who have delinquent mortgage payments with a list of outside credit counseling services.

## **SECOND REVIEW PRACTICES**



The Credit Committee reviews all denied applications on a regular basis. Recommendations presented to the credit committee are reviewed on an individual basis to ensure that underwriting criteria has been properly and fairly applied and that all compensating factors have been taken into account and applied consistently.

## **INTERNAL CONTROL PROCEDURES**

The Vice President of Lending reviews HMDA/LAR data on a periodic basis for compliance and accuracy. Completed HMDA reports are submitted to the CRA Officer for annual review.

## **MINORITY APPLICATION FLOW**

A review of residential loan applications was conducted in order to determine the number of applications the credit union received from minorities. According to the 1990 U.S. Census, the credit union's assessment area has 5.1% minority population which consists of Native American (0.2%), Asian (1.0%), Black (0.9%), Hispanic (2.9%) and Other (0.1%).

From January 1, 1998, through December 13, 2000, the credit union received 60 applications, 2 or 3.3% of which were from minorities. Both minority applications were originated. Saint Joseph Credit Union's minority application flow levels for 1999 were compared to all other HMDA-reporting lenders. This data indicated that the credit union received no applications from minority applicants as compared to 4.1% for all other lenders.

# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## SAINT JOSEPH CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **DECEMBER 13, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.